

Montana Transportation Commission

November 1, 2005 meeting ~ 8 am

MDT Headquarters Building ~ 2701 Prospect Avenue, Helena MT

In attendance:

Bill Kennedy, Transportation Commission Chair
Nancy Espy, Transportation Commission Vice Chair
Kevin Howlett, Transportation Commissioner
Rick Griffith, Transportation Commissioner
Deb Kottel, Transportation Commissioner
Jim Lynch, Director –Montana Department of Transportation (MDT)
Jim Currie, MDT Deputy Director
Tim Reardon, MDT Chief Counsel
Sandra Straehl, MDT Rail, Transit & Planning Administrator
Loran Frazier, MDT Chief Engineer
Janice Brown, FHWA Division Administrator
Mike Duman, Assistant FHWA Division Administrator
Jeff Ebert, Butte District Administrator
Mick Johnson, Great Falls District Administrator
Bruce Barrett, Billings District Administrator (by Polycom)
Ray Mengel, Glendive District Administrator (by Polycom)
Dwane Kailey, Missoula District Administrator (by Polycom)
Lorelle Demont, Transportation Commission Secretary

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Tentative Construction Program (TCP)

Chairman Kennedy called the meeting to order at 8:15 am with Commissioners Deb Kottel, Rick Griffith, and Kevin Howlett present. Commissioner Nancy Espy is expected to arrive at about 9:30 am.

Introduction

Currie said at our last meeting, we had a presentation on P3. That provided background on our asset management system to prepare you for the decisions to be made today. We now have a new federal highway bill which makes the process a little strange in that we know what our funding levels will be, which hasn't been true for the last couple of years. We are going to be asking you to do several things today in preparation for the actual "Redbook" [Tentative Construction Program] meetings we will have later this month.

The first thing we will do is ask you to make decisions regarding how federal funding will be allocated to various categories within SAFETEA-Lu. There is some discretion on how those funds can be allocated. That will set the stage for the next decision: allocation of funding between the categories of funding. Once you approve the allocation, we will ask you to allocate funding between financial districts and also the project mix.

Project mix is important because when we run the current conditions through the asset management system in a "what if" analysis, we can see what impact the mix will have on the system on a whole. In the long run, if we go out and do nothing but reconstruct roads, the overall condition of our system improves not a bit, in fact, probably degrades a bit over the years. If we do nothing but pave everything, we run into the same thing because we're not dealing with the problems on the system. The real answer to having the best "bang for the buck" and condition on the system is a pretty delicate balance between preservation, rehabilitation and reconstruction work. We will present a recommendation on what that balance should be, based on the asset management system, to get the best possible performance on the system as a whole. We will not be talking project specific today.

What we will do then is take those decisions and plug that information into the system. Three weeks from now we will view this from a project-specific basis, and we will make decisions to constrain ourselves within each financial district based on the financial limits set forth today.

Currie emphasized that commissioners would not see the flexibility to move a lot of projects into the program. There are projects already programmed sufficient to utilize all the available funding of SAFETEA-Lu. There's no windfall of money available to us to do a lot of things above and beyond. What SAFETEA-Lu will allow us to do is continue our course.

Currie said one of the challenges we are going to have is the fact that our asset management system is telling us that we need to start changing the mix of our projects. If we continue the course we're on, which P³ is telling us is not optimal for the system, the condition of the system starts to drop off in about 2013. To prevent that, we need to start moving towards more rehab projects in the mix over the next several years. Right now, we are heavily dominated by reconstruction and pavement preservation projects. It's not something you can flip the switch on because of projects already under development. But we can start turning the ship. It may mean that some reconstruction projects get pushed out to make room for the rehab projects.

Chairman Kennedy turned the discussion over to Sandra Straehl. Straehl explained that she would go through some technical material first and later this morning, ask the commission to make decisions.

Chairman Kennedy paused for introductions of everyone in the room.

SAFETEA-Lu

Straehl referred to the multi-page handout showing the apportionments under SAFETEA-Lu. She explained the structure of the bill. She likened it to layers: one is the different silos of money in the federal bill. Another layer is the overlay in state statute authorized by the legislature, which also contains different silos of money authorized by the state legislature. The top layer represents the decisions made through the authority of the commission. When you look at the federal funding tables, for example, you don't see the secondary and urban programs; those were eliminated at the federal level in 1991 and perpetuated at the state level by state statute. Our role is really to take this shell, consider its requirements and its transferability provisions and eligibilities, and how it works and then convert it to something that makes sense for the state of Montana given our state statutes and your commission decisions.

Straehl explained some basics about SAFETEA-Lu and how it works. When you move across the columns of funding, they accrue. At the end is the equity bonus, which is the difference between what we're guaranteed in law and how much the columns have accrued. It's what makes us whole. It's partially flexible. The assumptions are listed in the footnotes of the spreadsheet. What happens to the equity bonus is about 54 percent gets distributed proportionately to six underlying core programs: Interstate maintenance (IM), the National Highway System program (NHS), Surface Transportation Program (STP), bridge replacement and rehab (BR), CMAQ, and the safety program.

The other half of the equity bonus is distributed based on choice. There is also some flexibility between the core programs. About 50 percent of that money can be moved back and forth between the core categories. The goal here is to make sure that there is no starvation; that everything gets growth. We've done a needs study, as we do every second year, which looks at what the needs are in the program versus where the money is. We usually find that we can fund between a third and a half of our needs.

One of the groups of routes on our system that have been historically underfunded are x-routes. They are state maintained but are not on a state-designated system; they are often old frontage roads. Huntley Road in Billings is an example of an x route. Because of functional classification, not all the x routes would be eligible for federal funds. **We recommend \$4 million be set aside out of the state funded construction program for the x-routes.**

Straehl said she couldn't tell us exact dollar amounts from year to year. The revenue to the trust fund might change, the level of funds granted by the appropriators might change. So what we will do is ask for approval of a framework, and we will provide more accurate numbers as they become available.

Straehl pointed to the apportionment values. We will lose about six to eight percent of our apportionment to a reduction in the obligation ceiling. We plan our STIP around the apportionment numbers. Straehl clarified that the only thing that is the same between the federal apportionment tables and the Montana proposed SAFETEA-Lu distribution framework is the last column.

Commissioner Howlett asked about rescissions referred to in assumption (e). Straehl said there is a built-in rescission in the bill. The difference between the obligation limitation and the apportionment level is about eight percent. In the last year of the bill, there is a rescission of unobligated apportionment balances. For Montana, that level will be about \$150-200 million, of which about 8 percent will be reduced. It's an attempt to align the apportionment with the obligation so Congress doesn't spend more than they have. Commissioner Howlett asked if this would impact planned projects. Lynch said no because we plan the eight percent into the program.

Straehl pointed out that the proposed SAFETEA-Lu distribution framework table doesn't include the state match. These dollar amounts will grow when the match is added.

Straehl said we have seen some very large cost increases over the last year or so. We have needed to reset the TCP set last fall to absorb the increase in cost estimates. Important note: no one of the core programs has more funding than can be delivered. We will not need to ramp up as we did under TEA-21. The program is aligned. It is also based on the P3 analysis so we're in good shape to move forward.

We recommend retaining about 70 percent of the core on the three backbone systems: IM, STP and NHS. These are the systems that link us to the nation economy, they are the systems that connect our cities, and they are the systems that have the highest crash rates because that's where people travel at the highest speeds, have the most accidents and the greatest number of fatalities. To do that under this bill, we've had to be a little inventive. We are assuming that the new funding for borders will be used on the NHS.

There is a new category of funding for international borders. The border region is defined as within 100 map miles of the border. Projects must have environmental impact statements. The NHS has high truck volumes, so we suggest the borders money be part of that core. The language on eligibility is fairly broad; it must facilitate cross-border traffic. Straehl said we are awaiting guidance on this. Straehl recognized Senator Baucus for the inclusion of this provision.

Jan Brown confirmed that this category is under discussion regarding what is eligible and what is not. This category was created in recognition that we have needs on the border that GSA is not being able to address.

Currie said the bottom line is the borders money would be incorporated into either IM, STP or NHS. Commissioner Howlett said he wasn't sure this was a good idea and suggested we err on the conservative side in our assumptions. Lynch said his suggestion was valid and that we are doing that.

These funds are available for one year plus three subsequent years.

Interstate capacity expansion program

The interstate capacity expansion program was set by the commission in October 2003. This action reserves \$10 million annually for interstate capacity expansion to begin in fiscal year 2008. This will probably be funded by IM and STP monies. You will see some candidate projects later this morning.

Secondary roads program

There is a 25-30 percent increase in the secondary program which is funded from the state funded construction program. Between the last authorization and this authorization, the state assumed maintenance on all paved secondaries, which is a significant benefit going to the counties. This increase is for their capital program.

Urban area support

Kalispell, Missoula and Bozeman have a growth rate of 15 percent higher than average. We are providing an extra \$1.5 million for those high growth cities to help them keep up.

We have a lot of capital improvements in the urban program, and very little preservation work. We undertook a pilot for urban preservation work under TEA-21. It was very well received. We accomplished about 60 miles of high quality preservation work. **We recommend that the urban program continue the pilot program using management systems that the cities put together, in tandem with the MDT district administrators and city officials, to name pavement preservation work for the cities in the amount of \$3.2 million p.a.**

About 25 percent of the urban system is under state maintenance. Some cities do a good job of prioritizing work on these roads, some don't. This would give our district administrators an opportunity to have this discussion with city administrators.

Commissioner Howlett asked how this would be structured in terms of an MOU with the city, with the goal being a minimal amount of beaurocracy. Straehl said the pilot program was done in a cooperative way. The mechanism depends in part on the capacity of the city – the larger cities have more sophisticated management systems and are able to use that to identify projects. Currie said the important thing for us is that our district administrators have a voice in the process. Chairman Kennedy clarified that this category of funding could be used within the urban boundaries, even if those are further out than the city limits.

Safety

This has been changed from a set-aside under the Surface Transportation Program to a core stand-alone apportionment category. Our staff will have to ramp the program up pretty quickly in order to expend the funding. The growth in this program is higher than in the core. Commissioner Howlett asked how this tied in with the comprehensive safety plan. Lynch said that the funding for the behavioral side of safety comes through NHTSA. This money is for bricks and mortar. Straehl said there will start to be some “cross-pollination” between these two funding sources/programs to get a more comprehensive approach.

CTEP

This is a set-aside under the Surface Transportation Program. This was developed at the discretion of state authority through a tri-party agreement between the League of Cities & Towns, MACo, and the state. This is a continuation of what we've had.

Bridge

P³ has shown an increase in structurally deficient and functionally obsolete bridges. This program has been ramped by about 20 percent, and you will see the results of this growth when we get to P³.

Revegetation and wetlands programs

These are program categories that were created by the commission. The million dollars for the revegetation program is federal money that FHWA very generously allowed us to use for a pilot. The idea was that we could close out projects before the revegetation is complete and use this funding to make sure the revegetation takes place and meets the requirements of our permits.

The other \$.5 million is for wetlands. The program has changed and we are being more proactive but I'm not sure that this amount is sufficient for the need – I will be bringing more than \$.05 million worth of wetlands to you today. Frazier added that if we build a wetland ahead of a project, we don't have to build as many acres of wetlands as if we built a wetland during or after a project.

CMAQ – congestion mitigation and air quality

We have quite a bit of flexibility. We are suggesting the same amount of money given to Missoula be given to Great Falls and Billings to be used on projects that have air quality benefits. The monies could be used, for example, in addressing congestion. Bike/ped paths could be eligible if there is a demonstrated air quality benefit.

Howlett asked how class one airsheds are affected: both the Flathead and the Northern Cheyenne are designated as class one airsheds by the EPA. Straehl said Ronan and Pablo have both received sweepers and flushers through the MACI program. Howlett said there are lots of miles of tribal roads that have been built with the IRR programs and those things get sanded in the wintertime and come spring and summer, there's a considerable amount of

dust. Granted, some of them may not be right in the community of Ronan or Pablo but I'm talking about an entire airshed here that has that protection. So the question I ask is the tribe an eligible applicant for these dollars? Straehl said there shouldn't be a problem addressing a need in that area if the tribe is willing to enter into an agreement with the state.

Straehl said the MACI discretionary funds are also used to address areas that have possibilities for going into CO nonattainment. She cited the example of N Main and Idaho in Kalispell, which was showing up as a possible CO hotspot. We funded an intersection improvement with MACI money and have had no air quality problems since that improvement.

We also replace sweepers and flushers as they wear out. There is a local match of 13.42%.

SPR – statewide planning and research

This is a two percent takedown from all programs used to support all planning functions, local transportation plans, and our research program.

Safe routes to schools

There are discussions going on as to how this is going to be managed. There is a high level of interest in the communities in this program. This category receives \$1 million a year. Our thoughts on this are that, if possible, we would like to manage this funding using existing programs rather than establish a new one. The most closely aligned programs with the mission of this program are the CTEP program and the NHTSA programs that have to do with safety and behavioral issues. This is 100 percent federal money.

We want to incentivize existing programs by offering to match proposals for bike/pedestrian facilities close to schools up to a certain cap, after which they would have to provide a match in local funds. We would leverage the money to increase the number of projects that serve schools. This would be easy to administer and quick to start and get projects out the door rather than going through the pains of starting up a new program.

Commissioner Howlett said in the smaller areas we have people driving too fast and limited, if any, pedestrian facilities serving schools. We need to be more attentive to the safety needs of smaller, rural communities as well as the urban settings. Commissioner Howlett asked if this was apportioned by financial district or a single pool in Helena. Straehl said it is a single pool to be used statewide. Commissioner Howlett said how do we spread a million dollars statewide when we have Missoula, and Great Falls and Billings dominating the conversation. We need to be able to say Broadus and Arlee and Cut Bank and Poplar all need to have some kind of a voice and access to this. It's not a lot of money but it's important that we look at what the needs are in each district. He suggested the first thing we do is to prioritize what we use these funds for.

Straehl said the \$1 million is split so that we have \$300,000 for behavioral stuff and \$700,000 for facilities. Of that, \$50-60,000 has to be used for a coordinator. That's why we want to combine this with the enhancement dollars. There is already an allocation process (by population) and a public involvement process. If local governments become aware that there is an incentive to doing work near schools, they can make their enhancement dollars go much further. I think we will see requests from smaller towns as well as bigger cities.

Currie suggested picking up the pace if we are to get through all the material.

Direct Trails Program

This is a continuation of an existing program. This money is transferred to Fish, Wildlife & Parks. It doesn't flow through our budget.

PL Program

This money goes to the three big cities – Missoula, Billings, and Great Falls – for their planning functions.

High Priority Projects

Every year the high priority projects that are in the core program, or "below-the-line" as they say, we get 20 percent every year, or \$32.9 million. Work on the named projects does not necessarily add up to \$32.9 million per year, so the bill allows flexibility for monies to be

floated between projects as long as they balance at the end of FY 2009. Straehl presented a phasing chart that showed which projects would move forward in which year.

Currie asked about the Beartooth Highway repairs and paying back Direct Federal this fiscal year for the money they sent us. When the slides happened on the Beartooth, other than the \$2 million we got out of ER funding, we didn't have any funding to do the repairs. Direct Federal, who is in charge of the project on the Wyoming side of the Beartooth, agreed to forego their project and transfer their money – about \$12 million – to us for the Beartooth repairs. We want to take part of our above-the-line earmarks (which we aren't prepared to spend right now) and give it to DFL so that they can let a project this year. If we don't do this, it will delay giving the money to them and they may lose their project.

Lynch said we could repay ourselves through ER funding and the Beartooth earmark, both of which come to us incrementally. Chairman Kennedy asked if repaying DFL would cause any project delays for Montana. Currie said the only way it could potentially delay a project, is if the ER funding hasn't completely come through by 2009. Brown said this would be the first project advancing out of the EIS that was completed over a year ago. If that project doesn't advance, the EIS may have to be reevaluated. Commissioner Griffith said we are under a moral obligation if not a legal obligation.

Straehl added that Katrina relief is being pulled out of the general fund not the trust fund, so the ER funding will probably not be affected. => She will bring a list of above-the line projects to the next meeting on December 7. Some issues are yet to be resolved on that list of projects.

Commissioner Griffith moved to affirm staff recommendations to repay FHWA Central Federal Lands the amount advanced to us for repairs on the Beartooth and granted the department the authority to work out the details with FHWA; Commissioner Espy seconded the motion. All five commissioners voted aye.

=> Lynch said we will bring the exact amount to you in December

2005 P³ Analysis

Straehl introduced Paul Johnson, analyst, and Gary Larson, project analysis engineer.

This performance programming analysis will be used to load the program for 2010. Straehl mentioned the Highway Economic Analysis Tool (HEAT) that was developed to show the benefit to the state from the highway construction program in terms of gross state product, gross regional product, and number of jobs created. If we have time, we'll get in to that later.

Using the information in the TCP, the analysis will predict performance levels at different funding mixes, and different categories of work going into the program. We will be looking at the three big systems (Interstate, National Highway System and State Primary), and coming up with an optimal funding plan.

The price of steel, gasoline, and concrete has impacted project cost estimates by about 67 percent. We used this updated TCP as the basis for our analysis. Commissioner Kottel asked if that was an annual increase or if the increase had been amortized over the five years and expected to hold. Straehl responded that it was a big step up in costs directly attributable to the increased commodity prices, and from this point we would factor in three percent for inflation per year.

Budgetary assumptions

- Seventy percent of SAFETEA-Lu funding goes into our core program, which is the level needed to maintain system performance goals. To reach 70 percent, below-the-line earmarks and border project funding must be included in the calculation. We are very grateful to the senators that they put projects in that we can build on our core system.
- There is an estimated obligation ceiling reduction from apportionment of seven percent.
- The obligation amount is further reduced by four percent indirect costs to make good on the non-federal match. We will retain about four percent, convert those federal dollars

into state dollars, and use them to match the federal program. Chairman Kennedy asked about how the indirect cost works.

Currie explained that all state agencies are required to bill for all 100 percent federal eligible costs, per legislative action in a special session a few years ago. We are going to have to start withholding the ICAP allocation so that the fund stays healthy so we don't have to look for fuel tax increases down the road. Based on long-range projections in the Highway State Special Revenue fund, down the road, we are going to have to start holding about 4 percent of the ICAP rate that we bill (which is anywhere between 12 and 15 percent) for fund balance purposes, rather than putting it on the roads. Chairman Kennedy clarified that once the funds convert over as indirect cost dollars into the state coffers, they become state dollars and can be used as match. Brown noted that TEA-21 allowed the states to recoup their indirect costs, which had not been permitted before that bill.

Funding reserves

Straehl said previous commissions set the following funding reserves:

- \$10 million annually for interstate capacity expansion
- \$12 million p.a. for steel bridges beginning in 2010
- \$1.5 million annually for wetland mitigation and vegetation control
- We were able to eliminate the \$25 million reserve set-aside for the Two Medicine Bridge because of a federal earmark.

Further budgetary adjustments

We make a series of adjustments so that we have a projected figure of how much money we actually have to spend on the roads. That's the amount we have to feed into the management systems for them to assign to projects. we reduce the overall funding apportionment by seven percent based on the obligation reduction. We then increase that amount by state share and decrease it by four percent for indirect cost that will be used for match. Then we reduce that amount that's available to try to hold onto roughly 70 percent for the core programs (IM, NHS, SP). The dollars are then further reduced because not all that money can be used on construction. About thirty percent goes to other phases, such as right-of-way, utilities, preliminary engineering, and construction engineering. We are monitoring this and have noticed that there is a decreasing amount available for construction because of increasing costs in those other phases. Then we also reduce the amount of money by about 9.7 percent for bridge and culvert work. Then we increase the amount of money in the state maintenance program to improve pavements. We also add money from the state-funded program. There is about a five percent reduction in the usable dollars on the roads because of amenities, usually context-sensitive design features such as period lighting, bike/ped facilities, and landscaping. Then we deflate the rest of the dollars by about three percent annually, based on information we purchased about economic indicators.

We think all of this represents a conservative approach to future financial availability.

EIS/EA projects

We excluded some projects. If the scope was not defined in the earmark, if the route is not part of the pavement management system, like the Billings bypass and the Kalispell bypass, and if the environmental documents are not completed yet, we did not assume that we knew what the outcome will be.

Specific projects excluded are: Billings bypass, Kalispell bypass, Beartooth highway, Red-Lodge North because the environmental document hasn't been completed, US 2 corridor Glasgow to North Dakota because it's a study, and Ninepipes to Ronan because the environmental document is still going on.

We did something different this year and compared the recommendations from the management systems to the records of decision (ROD), and made adjustments in the management systems to match the RODs.

=> Straehl hopes to bring better information about what's needed for wetlands to the December meeting.

The importance of rehabilitation work

Straehl pointed to page 11 in the 2005 P³ Analysis handout. That’s where the analysis begins. She drew attention to the rehabilitation column, and the dollar amounts from 2010+ suggested by the management system as an ideal amount for rehabilitation work. For example, in 2009, the amount set aside for rehabilitation is \$7.3 million, whereas in 2010, the system recommends \$70+ million for rehabilitation.

Reconstruction projects have a 30 to 35-year life expectancy; preservation projects have a seven-year life expectancy. We need to have something in the middle in terms of both life expectancy and costs. This will enable us to do more miles on a very vast system.

Frazier clarified what is meant by rehabilitation. It typically includes milling off the pavement, possibly widening the subgrade, and repaving, lining culverts to strengthen them rather than digging up the whole subgrade to replace culverts. It’s a way to salvage what’s there rather than completely tearing up the entire subgrade. He later likened pavement preservation work to painting, rehab work to a new roof and siding, and reconstruction to a new bathroom or dozing the whole house.

Lynch said we will have some growth in our capacity, but it’s important that we take care of the assets we have.

Chairman Kennedy asked about the life expectancy of a rehab. Frazier said it’s 15 to 20 years. After that, preservation work is needed. Construction projects are designed for a 20-year life; 30-year life for concrete. Timely preservation work is implied. Rehab projects are just as difficult to develop as reconstruction projects in terms of engineering detail.

Straehl referred to the federal highway trust fund which is projected to negative in 2009. Lynch said there are two federal commissions that are looking at the financing of the federal highway trust fund and the types of roads being built and how to build roads for less.

The ride index

Straehl reviewed the ride index by system and by district. Our goal is to keep the districts’ conditions clustered closely together. We have two goals: no more than 5 percent of poor conditions, and overall ride index in the desirable range (above 60).

Using graphs, Straehl demonstrated the downward trends in the NHS and primary systems if we continue with the current percentage of reconstruction projects, versus the trend that emerges if the ideal mix (with a higher rate of rehabilitation work) is used. What we propose is a solution that is somewhere between the two, to allow for a gradual migration towards an ideal mix. It is realistic in allowing time for the development of rehab projects. There is a four to five percent reduction in performance on the systems using the proposed versus the ideal mix.

After hundreds of runs with the P³ analysis, the proposed distribution summary is as follows:

Measure	System	Missoula	Butte	Great Falls	Glendive	Billings	All
Average Ride Quality (Target 60-80)							
	I	84	86	74	77	84	82
	N	79	75	76	71	74	75
	P	74	70	73	68	73	71
	All	78	78	74	71	78	76
% of Pavements Poor							
	I	0%	0%	0%	0%	0%	0%
	N	2%	0%	2%	3%	1%	2%
	P	1%	2%	1%	4%	0%	2%
	All	1%	1%	1%	3%	0%	1%
Distribution of 2010-2014 Funds by District and System							
	I	10%	11%	3%	3%	9%	36%
	N	10%	2%	6%	6%	4%	28%
	P	9%	9%	6%	8%	4%	36%
	All	29%	22%	16%	17%	17%	100%
Distribution of District Funds by Work Type							
% Recon	All	31%	30%	40%	45%	27%	34%
% Rehab	All	57%	33%	45%	34%	56%	46%
% Resurf	All	12%	37%	15%	21%	17%	20%

Year:	2010-2014									
	% by	% by	Distrib by Work Type				Average Annual Budget by Work Type			
District	System	District	Recon	Rehab	Resurf	Total	Recon	Rehab	Resurf	Total
NHS Interstate	28%		0%	53%	47%					42,455,754
1 - Missoula		26%	0%	78%	22%	100%	0	8,775,362	2,456,804	11,232,165
2 - Butte		26%	0%	36%	64%	100%	0	4,003,339	7,093,467	11,096,806
3 - Great Falls		15%	0%	42%	58%	100%	0	2,656,850	3,680,097	6,336,947
4 - Glendive		10%	0%	76%	24%	100%	0	3,188,538	1,029,524	4,218,062
5 - Billings		23%	0%	40%	60%	100%	0	3,829,824	5,741,949	9,571,773
NHS Non-I	28%		55%	26%	19%					43,429,597
1 - Missoula		29%	46%	21%	33%	100%	5,747,635	2,596,154	4,183,921	12,527,710
2 - Butte		8%	0%	40%	60%	100%	0	1,306,112	1,974,623	3,280,736
3 - Great Falls		22%	58%	36%	6%	100%	5,549,609	3,408,943	561,165	9,519,718
4 - Glendive		30%	86%	14%	1%	100%	11,097,003	1,775,398	72,154	12,944,555
5 - Billings		12%	28%	44%	28%	100%	1,446,057	2,284,918	1,425,904	5,156,879
STP-P	44%		86%	9%	5%					67,048,183
1 - Missoula		27%	81%	17%	2%	100%	14,413,945	3,004,939	428,440	17,847,325
2 - Butte		26%	89%	4%	6%	100%	15,812,759	783,370	1,090,758	17,686,887
3 - Great Falls		18%	92%	5%	4%	100%	10,880,716	561,337	425,030	11,867,083
4 - Glendive		13%	74%	18%	8%	100%	6,662,950	1,633,232	737,697	9,033,879
5 - Billings		16%	91%	2%	8%	100%	9,627,590	189,230	796,188	10,613,008
All Systems	100%		53%	26%	21%					152,933,534

Discussion

Commissioner Howlett asked if there is a comparison that can be drawn between the numbers of jobs related to projects on construction versus rehabilitation jobs. Lynch said rehabilitation and maintenance are probably more labor intensive than construction. He said it would probably be really close. Straehl referred to federal studies on direct, indirect, and induced costs associated with highway dollars. They don't differentiate between types of work.. The expenditure of \$1 million yields 40-something jobs.

The management system looks at road width and road age, and flags certain roads for reconstruction because nothing else will work in that situation. The rehab work would be directed at good candidate projects where it makes sense to invest in that type of work.

Paul Johnson said if funding falls off in the future, we would be well served by having rehab projects in the pipeline that we can use to maintain our routes if reconstruct dollars fall by the wayside.

Mick Johnson said there is a mindset in the public that we will do more reconstruct, e.g. US highway 2. Is added capacity considered reconstruction, e.g. in the Helena valley where we add lanes on I 15? Straehl said the capacity expansion reserve has been set aside and wasn't included in the analysis. The reserves are over and above the distribution.

Commissioner Kottel said if we look at what the congressional delegation has historically been able to bring to Montana in earmarks, we would be more likely to recoup monies for reconstruction from above-the-line earmarks than we would see rehabilitation projects be nominated for the earmarks.

Ebert commented on the issues he's facing on US 191 where citizens are concerned about people being killed and maimed on the road. He also has to fund three rest areas with Interstate money that will therefore not be applied to the road.

Rest areas

Currie said this brings up a decision made last year by the commission to build one rest area a year across the state. Rest areas always compete against other needs on the system. The other needs usually win out and we don't end up building rest areas. Public comment was incorporated into a rest area plan which the commission blessed. We weren't following that plan because of the funding dilemma. Is that still the direction you want us to go? With all of these, it's a delicate balance across the systems.

Commissioner Griffin asked why we couldn't have rest areas as a line item so that no one district has to bear the cost. Currie said it's a zero sum game, whether you pull the money off the top or have the district absorb the cost. However, if that's the direction you want to go, let's establish that for 2010 because we don't want to disrupt the program that's intact through 2009. Lynch disagreed with Ebert's prediction that the ride index would suffer.

Straehl addressed the rest area funding issue. Commissioner Griffith remained firm in his position that the rest area funding should be an off-the-top funding category. He said we do horrible at rest areas, but if I was a district administrator, I'd probably do the same thing.

Commissioner Howlett suggested honoring the decisions of previous commissions unless there is a compelling reason not to. He agreed that the rest areas are an important representation of our state and that is reflected in the commission's decision to have one new rest area built a year.

Kailey asked about the bond debt service on US 93. Currie said the understanding on this was that the debt service repayment would reduce the district projects by one a year.

Mengel was concerned about the primary allocation being low for district four. We have lots of lane miles on primary routes that need attention. Paul Johnson said the analysis is needs driven. To get performance results where the condition/performance is equalized across the board doesn't mean that spending is equalized. The goal is to keep balance between systems and districts.

Mick Johnson referred to page 39 and the three primary systems of the state that probably carry the majority of our traffic. All three systems in every district are proposed to have a decrease in funding. We have promised increases to the CTEP and urban programs. It appears that the secondary system will increase and the three primary systems will decrease. With these funding levels, my district will have one project every two years on the NH system. That's going to be really tough. Should we increase the secondary system at the expense of these systems?

Straehl said the local governments see those systems as lifelines to their communities. The amount of growth that is suggested for the secondary program is about the same amount of growth as is suggested for these other core programs. We are not suggesting there be any less growth in the IM and NH, and have reserved 70 percent for these core systems. However, we told the local governments that if we grow as a state that we would share that growth with them. Twenty-five percent growth is what is suggested for the secondaries. Paul Johnson noted that these figures reflect construction dollars only, and doesn't include right-of-way, incidental construction, preliminary/construction engineering. These are some pretty bare bones numbers.

Straehl said if the commission accepts this, their decision would be for 2010. The percentages agreed upon will be taken to fiscal programming staff, where actual dollar amounts will be applied. Bear in mind these decisions aren't set in stone. Projects move because of funding (e.g. \$25 million from one fiscal year to the next) and also because of particulars associated with a project, e.g. geotechnical issues, right-of-way etc.

Chairman Kennedy commended the process and the work staff has done to balance the money out.

Commissioner Kottel asked about clustering results across systems, rather than showing a superior condition on the Interstate system. Currie – it carries the bulk of our trade, the bulk of our ADT, it's a newer system and has the geometrics in place. It is the flagship system. From a trade and usage perspective, the systems are not equal. Straehl added that the people of Montana told us that the Interstate system is the most important system to them. We have seen an increase in approval in the survey results.

Commissioner Howlett commented that some roads are impossible to reconstruct based on environmental characteristics and right-of-way, e.g. Highway 35 on the east shore of Flathead. Commissioner Griffith noted that those roads will bring down the average of the whole system.

Decisions:

1. *Proposed SAFETEA-Lu distribution framework*

Staff recommends the commission approve as presented

2. *Policy issues*

If you do nothing, we will assume you want us to continue with the rest area and interstate capacity expansion set-asides. Action is still needed on the steel bridges.

3. *Proposed funding distribution on pages 38-39*

Staff recommends approval as presented (see tables presented on previous pages of the minutes.)

Commissioner Espy said she was concerned about the issues raised by some of the DAs. Currie said when we ran the numbers on the asset management system, they did show in all cases that the overall condition of the system by district held its own. Commissioner Espy asked what is meant by the term “desirable.” Straehl said it is a reflection of the pavement management ride score. The international roughness index measures the ride. It was seen to be the most reliable measure and is measured using an instrument and has no human interference.

Currie – we are trying to put the science to this. We are trying to inject some reality into it, knowing we have a dynamic situation. In a few weeks, when we put projects to this overall direction, we may well move money between systems and financial districts. Currie asked that the district administrators and commissions resist the temptation to want to put all the reconstructions in because they’re all important.

Commissioner Howlett said the most important point is that we are doing something ideologically different here, and starting to “turn the ship” a little bit. He moved to adopt staff recommendations.

Commissioner Kottel asked about how the range of the variance of conditions of roads is factored into the average. Straehl said the goal of no more than 4-5 percent in the category of poor ride index covers that.

Straehl pointed out that the numbers are averaged to prevent whipsawing the program.

Commissioner Howlett reiterated his motion to accept the proposed SAFETEA-Lu distribution; Commissioner Espy seconded. All five commissioners present voted aye.

Commissioner Griffith concurred with the staff recommendations on page 5 concerning the reserves (\$10 million annually for interstate capacity expansion, \$12 million p.a. for steel bridges beginning in 2010, \$1.5 million annually for wetland mitigation and vegetation control, and elimination of the \$25 million Two Medicine Bridge reserve in lieu of the receipt of the below-the-line earmark); Commissioner Howlett seconded. All five commissioners present voted aye.

Commissioner Howlett moved to approve staff recommendations on page 38-39 for proposed fund distribution by work type, district and system; Commissioner Espy seconded. All five commissioners present voted aye.

The goal to construct at least rest area a year will continue as per previous commission decision. No motion necessary.

Afternoon meeting

Chairman Kennedy stated that there would be some changes to the agenda. The following will be removed:

- Agenda item 3: Rest area design options and the *Rest Area Plan*
- Agenda item 4: Draft outdoor advertising rules
- Agenda item 17c: Delegation from Westway Construction regarding liquidated damages

Commissioner Espy moved to accept the changes to the agenda; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Chairman Kennedy requested introductions of commissioners, staff, and guests.

Agenda item 1: Approve minutes

- a. July 28, 2005 meeting in Baker
- b. Conference call on August 17, 2005
- c. Conference call on August 29, 2005
- d. September 8, 2005 meeting in East Glacier
- e. Conference call on October 3, 2005

Commissioner Espy moved to accept staff recommendations to approve the minutes as presented; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Agenda item 2: Speed limit studies

- a. Hanson Road - Urban Route 1820 (Butte-Silver Bow County)
- b. US 12 - East Helena - East (Lewis and Clark County)
- c. Secondary 261 - Wibaux North (Wibaux County)
- d. Secondary 399 - Whitehall North (Jefferson County)

Hanson Road – Urban Route 1820 (Butte-Silver Bow County)

Staff recommendations following the addition of Hanson Road to Butte-Silver Bow's federal-aid urban system:

- ❑ A 25 mph speed limit beginning at the intersection with Rowe Road and continuing west to station 13+50 (straight lines only), an approximate distance of 1,350 feet.
- ❑ A 35 mph speed limit beginning at station 13+50 (straight lines only) and continuing northwest to the intersection with Montana Street, an approximate distance of 3,500 feet.

Commissioner Griffith moved to accept staff recommendations; Commissioner Espy seconded the motion. All five commissioners voted aye.

US 12 – East Helena – East (Lewis and Clark County)

Staff recommendations:

- ❑ A 55 mph speed limit beginning at station 240+00 on US Highway 12 through East Helena, project F 8-2(5) (200' east of Secondary 518) and continuing east to station 293+50 (east of the intersection with Lake Helena Drive), an approximate distance of 5,350 feet.

Anita Varone, Vice Chair of the Lewis & Clark County Commission, stood and offered her full support for the department's recommendation. Chairman Kennedy indicated that County Road Supervisor Eric Griffin spoke with him this morning about the recommendation.

Commissioner Kottel moved to accept staff recommendations; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Secondary 261 – Wibaux North (Wibaux County)

Staff recommendations:

- ❑ Increase the 70 mph speed zone on Secondary 261 north of Wibaux to include the new construction.

- ❑ A 55 mph speed limit will begin at (metric) station 219+23, (the end of project STPS 261-1(8) where the gravel portion of the road begins) and continue north to the Wibaux county line, an approximate distance of 14.34 miles.

Commissioner Espy moved to accept staff recommendations; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Secondary 399 – Whitehall North (Jefferson County)

Staff recommendations:

- ❑ A 35 mph speed limit beginning at metric station 12+60, project STPP 55-3(9) and continuing north to metric station 12+50, project STPS 399-1(3), an approximate distance of 440 meters or 1450 feet.
- ❑ A 50 mph speed limit beginning at metric station 12+50, project STPS 399-1(3) and continuing north to metric station 27+80 (milepost 1.2), an approximate distance of 1530 meters or 5,020 feet.
- ❑ A 60 mph speed limit beginning at metric station 27+80, project STPS 399-1(3) and continuing north to metric station 39+80 (milepost 1.9), an approximate distance of 1,200 meters or 3,940 feet.
- ❑ From milepost 1.9 to the end of the pavement the statutory 70 mph speed limit will remain in effect.

Commissioner Howlett noted that there was considerable discussion on this in the local newspaper. Frazier clarified that our first recommendation was not 100 percent accepted by the local community. We revised our recommendation and it is acceptable to the locals.

Commissioner Griffith moved to accept staff recommendations; Commissioner Espy seconded the motion. All five commissioners voted aye.

Agenda item 5: Two SAFETEA-LU earmarks on MDT right-of-way

- Conrad I-15 north interchange
- South arterial – Great Falls

Straehl said this agenda item is in reference to two above-the-line SAFETEA-Lu earmarks.

South Arterial – Great Falls

The Great Falls earmark is for \$4.5 million, consistent with an agreement we have with the city that we would develop this project and work with them towards completing the environmental document, project design, and any funds remaining in this would then be used for right-of-way. This is part of the long-term development of the south arterial. This project is new to the program and just came out of the feasibility study and therefore requires commission approval to move forward.

Straehl submitted a letter by Ben Rangel, planning director for the City of Great Falls, in support of this action. She read the letter for the record.

Conrad South

This is a \$4 million above-the-line project earmark. This project was requested by the local government. It has two components: \$2.5 million to construct a northbound exit ramp and realign the northbound entrance ramp to provide access to the east of the interstate; the other component is a rest area that will be located in the footprint of the interchange. This rest area would replace the degraded Teton River rest area, consistent with the rest area plan.

Straehl noted there were some errors in the written agenda item and she would note those as she went through the information. First, clarification is needed regarding whether or not commission action is requested. This item does need reapproval because of the increase in scope and cost per commission policy 12.

The local government will provide the match. Consistent with the language of the earmark, the first thing to be constructed is the modification to the interchange. There is sufficient money in the earmark to modify the northbound ramps of the interchange and include a rest area. There is enough funding for both, but this modification is necessary to align our actions with the federal language in the earmark which speaks to the interchange but not the rest area.

Pondera County Chairman Cynthia Johnson introduced Representative Lou Jones from HD 27. Representative Jones distributed a packet of information. He explained that a project to build an eastbound ramp has been pursued for 25 years. Emergency services cannot access the east side of Conrad when the train tracks are in use. Representative Jones commended Mick Johnson for his patience and cooperation. He went through the history of the project (see attached). Commissioner Johnson held up a check worth \$41,000 and Representative Jones indicated they were ready to hand it to the state to help match the preliminary engineering and help get things started.

He described the investments the city and the county would be making: the city estimates \$1 million to create an industrial park, and the county will spend over \$100,000 to create connecting roads. He was concerned that the project would be delayed because of the challenges involved in raising the straight cash for the local match.

Straehl said we have been working at a staff level to frame an agreement with Conrad and the county and will be coming to the local governments with it soon. She suggested that we have an agreement in place before any money exchanges hands.

Straehl commented on the difference between the amount Representative Jones described as the match – \$41,000 – and the amount MDT believes is the match. According to our calculations, the interchange will cost \$2.5 million. A good estimate for preliminary engineering (which is negotiable) is 15 percent. Multiply that by 13.42%, and the resulting non-federal match is \$50,325.

That said, there is the possibility of doing things with contributions of right-of-way. Timing is important to make sure it counts. The project must be programmed before the donation is made. Straehl indicated we need to work together to work out the details.

Commissioner Howlett applauded the work that's been done to get this project to this point. He recommended we move the project forward and use whatever creative but legal accounting needs to be done.

Curie asked what was in place so far. Straehl said it is programmed for PE for the rehabilitation.

Straehl suggested the commission take an action to reapprove the project contingent on us entering into an agreement.

Commissioner Kottel moved to approve the addition of the *Great Falls south arterial* project to the program for preliminary engineering; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Commissioner Kottel moved for approval of a scope of work change for the *Conrad I 15 North Interchange* project to include a northbound ramp and a rest area contingent upon an acceptable agreement with local government to provide the match; Commissioners Espy and Griffith seconded the motion. All five commissioners voted aye.

Commission Espy commended the delegation for their efforts and tenacity. Chairman Kennedy encouraged the groups to find a way to bridge the gap of \$9,000. Mayor Grubb suggested Conrad provide the connecting infrastructure, including water and sewer, for the rest area and use that as part of the match. Mick Johnson will take the lead in working with Sandy and her staff in getting the agreement to the local governments.

Agenda item 6: Two SAFETEA-LU earmarks off MDT right-of-way

- Bike/ped paths - Whitefish area
- Silicon Mtn tech park & port

Straehl said these projects are not on MDT right-of-way, therefore no commission action is required.

The first is for a \$4 million earmark for the *Silicon Mountain Technology Park and Port of Montana* in Butte. The proposed project is located on a local road called German Gulch, and would improve the access to the port and make a very unsafe bridge much safer. The Port of Montana is a very important component of Montana's intermodal transportation system: it is the only place in the state where there's a junction between two class one railroads, Burling

Northern Santa Fe and the UP. It could make access to the industrial park a lot more attractive for industries to move into.

The other earmark is for the *Whitefish pedestrian/bicycle trail*. This off-system earmark is valued at \$3 million. What they've submitted for us to program through the enhancement program is about \$1.5 million worth of work. They might be using the remainder of that earmark to complete some other trail projects that they have there, and they may be submitting some additional trail projects in the future.

As we get into agreements with the local governments, all of these earmark projects will be brought forward to you.

Chairman Kennedy asked how the funding was distributed. Straehl clarified that all of these projects will be administered by the Montana Department of Transportation. There is some money in the bill that can be transferred to Federal Lands management agencies but all of the earmarks will be administered through MDT. In some cases, we didn't request the funds, and if the project is off-system, we will use the CTEP mechanism already in place to manage those projects.

The funding for these earmarks is not passed through MDT to another entity. Currie also noted that there is no money; this is simply authority, that even if the funds were "pass-through", we're not passing money through. The local entity would have to pay the bills and then apply for the reimbursement. This is still a reimbursement program. Straehl said there is apportionment and there is obligation authority, that both are needed as is the case with normal highway program funds.

Agenda item 7: Wetland in lieu of fee payment

Straehl said the purpose for this item is to balance the books on wetland credits that were never really achieved because the wetlands didn't turn out to be of the quality we anticipated. We are in arrears for 9.82 acres in four watersheds. Rather than generating additional wetlands projects in the four watersheds, we propose to provide mitigation through transferring money into the Fish, Wildlife & Parks wetlands legacy program.

Commissioner Howlett moved to accept staff recommendations to expend \$268,425 for the mitigation of 9.82 acres of wetland mitigation (\$10,000 for environmental work and coordination, and \$258,425 to the Montana Fish, Wildlife & Parks Wetlands Legacy program); Commissioner Griffith seconded the motion. All five commissioners voted aye.

Agenda item 8: Wetlands – stream restoration

- Yellow Owl/Barcus wetland mitigation

These wetlands projects are proposed for development ahead of actual construction, which gives MDT the optimal ratios. There are several projects in the area that could benefit from these two wetlands projects on the Two Medicine River on tribally owned land (the Yellow Owl and Barcus properties) within the Blackfeet Reservation. The purpose of this project will be to establish a preliminary engineering program to prepare the environmental document, develop preliminary design and construction plans, and fund staff time to coordinate with the US Corp of Army Engineers, the Environmental Protection Agency, the Bureau of Indian Affairs, the Blackfeet Tribe, and natural resource agencies.

Commissioner Kottel moved to accept staff recommendations to approve the expenditure of \$325,000 for the two wetland mitigation projects as recommended via the Blackfeet Nation Wetland Feasibility Study; Commissioners Griffith and Espy seconded the motion. All five commissioners voted aye.

Agenda item 10: Railroad crossings – signal installation & circuitry upgrade

*NE of Huntley
Warren's loop – east Hardin
Central Avenue – Stanford*

*Central Avenue – Hobson
Telstad Road – W Devon
East of Rudyard*

*Coal Mine Road – W Chinook
O'Rea Creek Road – W Livingston
Moffit Canyon – East Bozeman*

*Griffin Drive – Bozeman
L Street – Bozeman*

Through a cooperative effort between BNSF, MRL, and MDT, the eleven railroad crossing projects listed above are proposed for improvement under the STPRP or Rail-Highway Crossings Program. MDT proposes to pay for materials and labor totaling \$1,713,500 and the railroad will be responsible for construction. These projects will be amended into the current STIP if approved by the Commission.

Commissioner Espy said in the past we have had occasions where the railroad took a long time to complete a project. She asked if there is anything we can do to assure the railroads will complete their work expeditiously. Straehl said although these projects were developed in cooperation with the railroads, she wasn't sure if there was a mechanism in place to enforce timelines for the action. These were developed cooperatively with the railroads. Chairman Kennedy requested a timeline. => Straehl will provide that to the commission at their next meeting.

Commissioner Espy moved to accept staff recommendations to add these projects to the program; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Agenda item 11: Signal on Cartage Road on US 93 in Missoula

Straehl said this proposed project is to install warning flashers at the intersection of Cartage Road and US 93 northwest of Missoula, right at Muralt's Truck Stop. The total cost estimate for the project is \$500,000 from the state funded construction program. This amount includes \$400,000 for the construction of the signal and advanced warning system, \$60,000 for preliminary engineering, and \$40,000 for construction engineering.

The project will initiate preliminary engineering to install a signal and "signal ahead" warning signs. Construction expected next year.

Chairman Kennedy asked for clarification on the State Funded Construction Program. Currie explained that it is part of our "maintenance of effort" that allows us to receive a positive match ratio in the Federal-aid program. We have to invest a given number of state dollars onto our system for improvements. The amount that we put into the state-funded program goes up and down every biennium based on the health of the State Special Revenue Fund. We jealously guard the health of that account to make sure we don't dip below the amount that we would need to continue the positive match ratio. We also use that money for preventive maintenance on the secondary program, and reactive maintenance on our system.

Chairman Kennedy asked about funding a signal with 50 percent local match, 50 percent federal match. Frazier explained the history of the project and the growing accident history at this location because of sight distance limitations. The signal will improve safety until we can physically realign the intersection. Lynch explained that the reason for a signal would affect how it was funded. For example, the cost of a signal installed as part of new development would not be borne by the state; a signal installed because of an increased highway usage that meets safety warrants would be borne by the state.

Chairman Kennedy asked about a 50/50 match for railroad crossing improvements. Currie said some communities were willing to participate in the expense if it would move them up the priority list. To my knowledge, it has not been rescinded. He read a portion of commission policy 7.

Commissioner Howlett moved to accept staff recommendations to approve the addition of this project to the program; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Agenda item 12: Addition of two rehabilitation projects to the program

- Culbertson – East (US highway 2 from reference post 644.245 to 648.070)
- MT 16 – Culbertson (MT 16 from reference post 0.0 to 0.4)

Commissioner Espy moved to accept staff recommendations to approve the addition of project to initiate preliminary engineering for the rehabilitation of US 2 *Culbertson-East* and MT 16 – *Culbertson*; Commissioner Kottel seconded the motion. All five commissioners voted aye.

The STIP will be amended to include these projects.

Agenda item 13: Interstate capacity program

- Missoula District - Orange street to Bonner
- Great Falls District - Helena capitol interchange, Highway 12 connection and I-15 railroad bridges and additional lanes from capitol to Custer
- Billings District - West Laurel interchange

Straehl said this morning the commission affirmed their commitment to reserve \$10 million per year for interstate capacity projects, starting in FY 2008. Based on staff analysis, we propose the given list of interstate improvements. She noted that no interstate capacity issues were identified in the Glendive district.

Great Falls district

We have already taken action today on the Conrad interchange. This decision package is for three Helena area projects associated with the I 15 corridor EIS:

1. Short-term improvements to the Helena Capital Interchange

This \$2 million improvement may lengthen the life of the interchange and thus we may be able to avoid a very expensive improvement to this interchange, provided that the US 12 connection (next) goes through.

2. Highway 12 connection

Straehl made a correction to the printed agenda: this connection is from the I 15 South Helena interchange to US 12 west of East Helena.

This would be contingent on anticipated contributions from others including the contribution of right-of-way. We believe it's appropriate for the state to take on the development of this road to ensure that all the landowners in that area have reasonable access to this road that will have a certain amount of economic value. We also can then ensure a reasonable travel speed on the road and do access management, which will be necessary if this road is to take traffic off the capital interchange. We are requesting \$250,000 for preliminary engineering.

3. Railroad bridges and additional lanes between Custer and Capital Interchange

The bridges are in increasingly poor condition and additional capacity is needed between Custer and Capital. There is an earmark that may be available to start moving forward on Custer interchange itself; that earmark is over and above this request. We are requesting \$3 million to begin preliminary engineering to determine scope of work. Total estimated cost is \$22 million.

Billings District

West Laurel Interchange

The request is to reconfigure and replace the bridge and realign about one mile of highway that's creating a hazard at reference post 433 on I 90 in Yellowstone County. Construction is anticipated in 2012 or 2013. Estimated construction costs are \$10 million. We are requesting \$1.5 million in preliminary engineering.

Missoula District

Orange Street to Bonner - \$5.2 million

This proposal is to construct additional travel lane from the Orange Street in Missoula and the Bonner interchange. Depending on warrant studies, we may also propose to signalize the ramps at the Orange Street and Van Buren interchanges. Total estimate construction cost for the two projects is \$5.2 million, with construction anticipated to occur in 2010. We are requesting \$780,000 for preliminary engineering.

Butte District

Belgrade interchange

This project will be taken up in agenda item 9. Staff is recommending the addition of \$10 million on this set-aside for the East Belgrade interchange, over and above the earmark for this interchange.

Straehl went over how the dollar amounts were arrived at. There is a commission policy that requires a funding plan wherein the costs are prorated according to the benefit to the parties involved. We undertook a traffic modeling exercise that looked at all the connecting and regional roads and what would happen on these roads with and without the interchange, to try and determine where there would be benefit to the state. We realized that if we don't have an interchange there, by the year 2011, we will have the need to construct a five-lane road on Secondary 205 which parallels the interstate. With the interchange at Belgrade, we can avoid this construction and will be able to get by with a three-lane road, which would be a savings to us of \$10 million.

Within this Interstate capacity program, projects are not assigned to any particular date or in any particular order; it depends on ready dates, and what funding packages are put together, and fund balance. Consequently, the \$10 million for the new Belgrade Interchange could be made available when the Interchange is ready to move forward any year in or after 2008.

Griffith asked about the timetable for allocating the \$10 million in future years. Straehl said it's dependent on several factors, such as the completion of the environmental documents and the records of decision. The record of decision is in place for the I 15 corridor in Helena. However, design work has not been initiated on any of these. A feasibility study has been done in Missoula, but no environmental document. An environmental review has been started for the proposed Belgrade interchange. Given the federal requirements for developing an interchange, the best-case scenario would probably be five years.

Brown clarified that no environmental work has been done on the US 12 connecting road and said she was pleased that the department is thinking about doing this link. Straehl said the intent is to find a way to connect 12 to the south interchange. Funding cannot come from IM. It has yet to be functionally classified in order to establish federal-aid eligibility. => Straehl stated that she would bring a separate system action to the Commission for this purpose in the future.

Commissioner Kottel moved for approval of the projects presented for the Interstate capacity program and approval of the staff recommendation for the reservation of \$10 million to be used towards construction and construction engineering for the Belgrade Interchange; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Communication with local governments

Commissioner Ed Tinsley, chairman of the Lewis and Clark County Commission, welcomed the commission to town. He commended Director Lynch and Mick Johnson for their work and assistance in keeping things moving on the development of the South Helena interchange.

Debbie Arkell on behalf of the Gallatin County

We have an excellent working relationship with the local MDT staff in both the Bozeman and Butte office. We work with Jeff Ebert, Ross Gammon and Rob Bukvich on an almost daily basis. Our biggest issue is growth. We likely will be coming to you in the future to ask you to grow our urban routes as our city grows. We received a \$5 million earmark for South 19th Avenue in Bozeman. We didn't ask for it and we don't know where it came from! The city has design work about 90 percent complete; the state will conclude the design work, and we are hoping for construction in 2007.

Representative Jim Keane

My day job is with an engineering operators union. We are significantly involved with road construction in the state of Montana. I'd like to point out that the current state prevailing wage related to highway work doesn't match the federal wage rate. We are working with the

department of labor on this to equalize the playing field. It would help if the commission would include some federal money in all their projects so the contractors have to pay the federal prevailing wage rate.

Another issue of concern is we are becoming a training state. A construction worker can cross the border and earn \$7 an hour more. Our best workers are leaving.

Agenda item 9: East Belgrade interchange and connecting roads

Delegation from Gallatin County

This agenda item concerns funding cost participation on the East Belgrade interchange on Interstate 90 at approximately reference post 299. The best estimate for the interchange is \$29.4 million, versus the \$25 million referenced on the original agenda item. Straehl distributed a corrected agenda item.

She explained that a percentage of each SAFETEA-LU earmark is made available annually for each of the projects, and that funding can be borrowed against the various projects depending on when a project is ready. Consequently, if the interchange is ready before the entire \$8 million earmarked funding has come in, money can be borrowed from another earmark. Also, the earmark funding is available until expended, so if the project is not ready to be built by 2009, the funding will not go away.

Straehl recapped the earlier discussion from agenda item 13. Using traffic modeling technology, MDT staff studied the Belgrade area and determined that we could realize a savings of \$10 million for future construction on Secondary 205 if the interchange is constructed on or before 2011. The Transportation Commission has agreed to prioritize \$10 million from the interstate capacity set aside for the benefit of the Belgrade interchange. That does not include state match, so the state would match that \$10 million. That would be in addition to the \$8 million federal earmark that was requested by the City of Belgrade.

According to commission policy, if the local government seeks an earmark, the local government has the responsibility for providing the state match. Consequently, match on the \$8 million SAFETEA-LU earmark is the responsibility of the local government. The \$10 million state contribution, plus state match is contingent upon the county prioritizing Secondary 205 for improvements. The secondary is at capacity right now. Also, the \$10 million plus state match is contingent upon the county constructing the other links that are necessary for the interchange to function, and the locals managing the other phases of project development.

The \$10 million will be available in and after 2008. A project of this nature usually takes four to five years to get through the environmental process, so it's unlikely that the interchange will be ready for construction in 2008. Although this money will be administered by the state of Montana, it's not a pass-through, we have to make sure the match is in place before we start expending any dollars. The \$10 million will be set aside for the actual construction phase and will be ready as soon as the project is ready to go to contract, but no sooner than 2008.

Gallatin County Commissioner Bill Murdock stood to express his support of the project. He said we have been working on it for at least three years. We are grateful for what you've already done, and wanted to demonstrate our support. Murdock introduced Ted Mathis from the airport authority, John Youngberg from the Belgrade City Commission, his wife Deb Youngberg who is the president of the Chamber of Commerce, Mike Harris from the county, and Pat Abelin. Murdock said time is important to us. If you've tried to drive through Belgrade at rush hour, going west on the interstate, the cars are backed up on the ramp and out into the driving lanes. We have people that work eleven miles away from our courthouse and it takes them 45 to 60 minutes to get from Belgrade to Bozeman.

Joe Skinner, Gallatin County Commissioner, said they are one of the top two fastest growing counties in the state and have tremendous infrastructure and traffic needs in the county. We realize that this interchange won't solve all our problems but it is a very important piece of the puzzle. It's a high priority not just because of the traffic circulation problems, but because of the safety issues involved with traffic backed up onto the Interstate.

Ted Mathis, airport director at Gallatin Field, said Gallatin Field is the second busiest airport in the state besides Billings. There are five airlines, 231 based aircraft and average about 200 corporate jets per month. Our biggest challenge is accommodating the tremendous growth in our community. To that end, the airport authority board is committed to this project and will certainly fund our share and do our best to expedite this project. It is extremely important to us.

John Youngberg, member of the Belgrade City Council member and the City-County Planning Board, elaborated on the issue of growth. We recently annexed 600 additional lots and last night our planning board reviewed a subdivision of 520 lots. In two weeks we are meeting to review two new subdivisions. We are concerned about safety as well, but are also concerned about the three at-grade railroad crossings in Belgrade. The trains are longer and can't get onto the siding, so they can't get through town. People can be delayed up to 20 minutes waiting for the trains to clear the tracks. The City of Belgrade is behind this; we are committed to the connecting roads to this [interchange].

Michael Harris, legislative liaison for Gallatin County, said DOT has been wonderful through this process. One thing we've had difficulty with is where the funding will come on our end. We are looking for clarification on the shortfall between the \$8 million earmark, \$10 million state share, and the local match, compared to the total cost of the project...we are still about \$11 million short.

Larry Watson, grants administrator for Gallatin County, expressed the need for a timely look at the memorandum of understanding between the three sponsoring agencies – Gallatin county, the airport authority, the city of Belgrade – and the department. In so doing, we should have a solid financial outline of who is paying for what. The timeline we're looking at, since we've already launched the environmental study, is to begin final preparations of this MOU in January 2006. Our environmental report will be finished in March and will be turned over to the department for review, which we're told will take about six months, and brings us to August. In the meantime, there are a number of other financial and project considerations that the county must make in preparing for the connector roads on the south, and some additional concerns on the north. Without preliminary engineering, we don't even have ballpark cost estimates of what those considerations will be. We have a real need to try and launch the PE contract at the same time we're finishing up the environmental report so that those activities are ongoing during the time of the department's review. Long story short: we don't want to waste any time here in proceeding towards getting the information we need to make the decisions on how to proceed with the project.

Pat Abelin said it's a great honor to be here with these people today. We've really worked hard to get this project going and we are to the point that we really need to get the MOU done and we need to get a funding package put together. We need to preserve the right-of-way between Belgrade, Four Corners and Bozeman, and we need to look at that as a package. We are not letting people build in those areas. We also need to make sure that we have developers that are willing to put in money to help us with these projects.

Lynch said I think we need to sit down and schedule this out so that we're all on the same page. The first step is the MOU. We will facilitate getting that schedule going. Currie said the big issue is funding. MDT's funding is committed; we don't have money lying around. Straehl said in order to make sure this project is Federal-aid eligible, we have to make sure it goes through all the normal requirements of the federal process, and we need assurance that this is happening otherwise we may have to back up and do it again, and no one wants to do that. Straehl expressed concern about the environmental process that's slated for completion by March. Currie said the state will work closely with the local government on this to make sure that things are done right. We don't want to get into any finger pointing down the line if something isn't done right.

Brown added that the first step for the environmental review is to agree on what the level of documentation is. Different levels of review involve different time frames. The average for an EA is about 18 months.

Jeff Ebert, Butte District Administrator, said the consultant has submitted a schedule that does put in motion a one-year time frame. Eighteen months to two years is the average, but we committed to do everything we could to support their time frame. Morrison-Maerle has

done work for the department before and is well aware of what's involved. I think it would be a pat on the back to get this done in a one year time frame.

Griffith asked about reprioritizing Secondary 205. Straehl said we are asking the county to put this forward as their *next* priority in the secondary program. Griffith asked if Jackrabbit Lane was the next priority. Ebert said Valley Center Road is the county's current priority. Jackrabbit is on the NHS. Gallatin County is being asked to put Secondary 205 forward as their *next* priority.

Frazier noted that the review is not just done by MDT; it involves all the USFWS, FWP, DEQ, EPA, COE, etc. The six-month review time frame allows them to provide comment on the draft environmental document, and we don't have control over their response time. He commended the group for looking at highways as infrastructure, and for being proactive in this project. It's very refreshing.

Lynch said I heard three different timetables and three different expectations from the same delegation. From MDT, I heard two. I think we need to sit down and come up with timetables, and clarify what the requirements are to ensure the project remains Federal-aid eligible.

=> Chairman Kennedy requested an MOU and more information on timelines by the next meeting on December 7.

Commissioner Espy noted that an earlier motion had reserved \$10 million in Federal-aid funds towards construction and construction engineering for the Belgrade Interchange (please see agenda item 13 for more information). She moved to address staff recommendations that the state match for the \$10 million (approximately \$1.3 million) be contributed to the project contingent upon the following: that Gallatin County prioritize improvements to Secondary 205, that Gallatin County and the city of Belgrade construct the other connecting links needed for the operation of the interchange, and that the local sponsors (Gallatin County and the city of Belgrade) manage the other phases of project development; Commissioner Griffith seconded the motion. All five commissioners voted aye.

Chairman Kennedy said previous chairman Shiell Anderson is noted in the minutes as having programmed \$250,000 to provide funding for staff review work and coordination with the locals. Are those dollars in place? Straehl said yes. Ebert clarified that we've only programmed about \$75,000 of that to date.

Agenda item 14: Letting lists

Frazier drew the commission's attention to the rather large January, February, and March letting schedules, and noted that some of those projects may migrate out because of project development issues involving right-of-way and utilities.

Commissioner Howlett moved to accept staff recommendations to approve the letting lists as presented for November 2005 through April 2006; Commissioner Espy seconded the motion. All five commissioners voted aye.

Agenda item 15: Certificates of completion for July and August 2005

Frazier referred to the summary of the last state fiscal year, that we finalized out 110 contracts worth about \$238 million. That's one of the highest years we've had in our department.

Commissioner Espy moved to accept staff recommendations to approve the certificates of completion as presented for July and August 2005; Commissioner Kottel seconded the motion. All five commissioners voted aye.

Agenda item 16: Project change orders

August 2005 = \$1,124,753.08
September 2005 = \$949,042.69

Commissioner Espy moved to accept staff recommendations to approve the change orders as presented for August and September 2005; Commissioner Kottel seconded the motion. All five commissioners voted aye.

Agenda item 17: Liquidated damages

- a. \$45,450.00 assessed on project - SFCN 10-2(27)52 - Loma - Box Elder, Prince Inc. of Forsyth, MT
- b. \$7,152.00 assessed on project - NH 16-1(42)1- Main Street -Billing Heights, Empire Sand & Gravel Co. of Billings, MT
- c. \$1,818.00 assessed on project - STPS-PLH 323-1(15)51 - *Albion N & S*, Westway Construction Inc of Airway Heights, WA

The commission took no action on a and b therefore the liquidated damages stand.

Currie said up at East Glacier, the gentleman from Westway Construction couldn't find the meeting location and showed up just after we'd adjourned. We agreed to put it on the agenda again. The company has again requested their appearance before the commission be postponed, pending resolution of their complaint against MDT. Frazier said I think our staff has been more than fair.

Agenda item 18: Set commission schedule for upcoming meetings

Chairman Kennedy proposed the following dates for 2006:

1. January 18-19
2. March 1-2
3. April 12-13
4. May 24-25
5. June 28-29
6. August 2-3
7. September 13-14
8. October 25-26
9. December 6-7

The TCP meetings in November will still need to be scheduled. It was suggested that participants have time to review the suggested dates and the commission wait to take action until the December 7 meeting.

Commissioner Howlett said I feel very strongly about the gas crunch but I also feel strongly about being back out in our communities. They can't get to Helena. He suggested using the Polycom in the district office. Chairman Kennedy confirmed that being out in the districts is very positive. Lynch said we need to review the expectations of this administration.

=> Chairman Kennedy asked that we review that in December.

Agenda item 19: Commission discussion

- Update on Governor's work on tribal relations
- Update on Morning Star Drive
- Follow-up on Secondary 201 issue raised at Baker meeting
- Follow-up item on base stabilizer raised at E. Glacier meeting
- Follow-up item on new construction in Browning

Update on Governor's work on tribal relations

The GAIN Council on behalf of the Montana Department of Transportation is in negotiation on three MOUs with the Crow, Rocky Boy, and Fort Peck.

We have a tri-government meeting coming up on January 10, 2006 to look at our NHTSA funding.

Morning Star Drive project

As of last week, this project has not started. The administrative part has been accomplished. Construction has not yet started.

Secondary 201

We do not have an overweight issue up there. There are some special permits for oil drilling rigs but they typically go short distances and across fields.

Base stabilizer

Liberty County brought this issue up at the commission's September meeting in East Glacier. They realized that the amount of funding available is not enough to take care of some of their gravel secondary roads. We take care of paved secondary roads. The first step is communication with FHWA to determine Federal-aid eligibility.

Chairman Kennedy asked for clarification on an issue that came up at the MACo district meeting. Gary Larson had said that in the legislation it was decided that as long as money was available, mileage could be added to the secondary roads. I went back and looked at that and didn't see that; I don't know where that was coming from. Lynch confirmed the agreement we had was for paved roads. I disagree with Gary on that.

Currie said our understanding is that we take over paved secondary roads contingent on the legislature giving us the funding to do it. Every two years when we go to the legislature, we have a package asking for additional money so that we can pay for the additional roads that we're picking up as a result of paving operations over the two years. Straehl, as Gary's boss, stated that we do take over the maintenance of paved secondary roads consistent with statute, but that we might not have the money to maintain them until the next session when we get approval for additional authority. => Reardon will bring a copy of the bill and discuss it at the next meeting. He will include list of roads that have been adopted by the state for maintenance since the legislation passed.

New construction in Browning

We have some recommendations on a signal light location. Once that's agreed upon, we will do a warrant study to see whether or not a signal is warranted at that location.

Discussion

Regarding Morningstar Drive, Commissioner Howlett said he thinks the BIA owes this commission and FHWA and the Northern Cheyenne some explanation. The road isn't done and jobs haven't been created. We went out on a limb to create the opportunity for them to get the road done and for there to be employment opportunity on the Northern Cheyenne. I'm really irritated that I come back two months later and nothing's been done. I think we need to make some kind of an issue out of this. They told us they could get the job done this year.

Commissioner Griffith said it makes me wonder about the credibility of the people who came to speak on behalf of the BIA. If they didn't have the authority, why were they sent to speak on behalf of the BIA? I think we're all a little disturbed over that.

Agenda item 20: Public comment

Cary Hegreberg, Executive Director for the Montana Contractor's Association, said we have a number of standing committees that meet in conjunction with MDT almost every month. We want to express our appreciation that department personnel and FHWA staff attend those meetings and help us work through a variety of issues concerning specifications and policies. We appreciate the interaction and we are able to get a lot of things ironed out in that setting. We are a little concerned about how we will move forward with the advent of electronic bidding. Contractors will no longer have to travel to Helena, which means that we won't have them gathering in Helena. We are trying to get a sense for how we can continue these kinds of proactive interactions we've had in the past.

One of the issues that has come out of those discussions of late is utility relocations. It's becoming a pervasive problem on state, county, and municipal projects. It's causing a tremendous amount of grief and cost and agony trying to get these construction projects done on time when we can't get the fiber optics/the power/the phone lines moved on time. We are forming a task force together with the department to try and identify ways that we may need to go to the legislature and ask for some solutions on who has priority, how, when, where, and who pays. I think you will start to hear more and more about construction projects either not being ready to let on time because the utilities aren't moved or can't get

moved, or projects that are being delayed unnecessarily because the utilities have not been moved.

Another issue I'm very fearful you're going to start to hear more about is fatalities and accidents in construction zones. Just in the last couple of weeks, there have been some serious traffic accidents and fatalities in construction zones. There will be finger pointing and potentially litigation. How traffic control is handled has been an ongoing dilemma for decades. We implore you, the department, to work with us and try and identify better ways of handling traffic control in the design of these projects and as projects are built. We can't jeopardize the public or construction workers.

We have been having dialog with the department regarding commission policy 11 which involves some debarment issues that our members have real heartburn with.

=> I understand the department will be bringing a recommendation to you in the future for revisions to the policy.

Senate Bill 123 passed this last legislative session. It seems that every time we try to fix something with regard to fuel taxes and especially dyed diesel, we create some other problems! Every state deals with this issue a little differently, for example, North Dakota does not require contractors to use taxable fuel taxes in their equipment on highway construction projects; Montana does. Contractors who move equipment between the two states are having all kinds of difficulties. We will work with the department on this and we will probably have to go back to the legislature again. It will have some bearing on the revenues that come in to the department.

The MCA is staunchly opposed to the imposition of a moratorium on fuel taxes. We have written letters to every legislator in the state, the congressional delegation, spent \$5,000 advertising in the daily newspapers, written guest columns for the newspapers and submitted them for publication, and have had extensive conversations with the people who are advancing the idea, trying to convince them of the downfall of their ideas. We are hoping the issue is dead; we believe it's absolutely the wrong direction to go for the state of Montana.

Sarah Converse introduced herself as working in Senator Burn's office in Great Falls on transportation issues.

Strachl submitted a clarification sheet regarding the dollar amounts presented in her agenda items. Some of them include preliminary engineering dollars and some didn't. Although it's substantially a technical issue, she wanted to offer the clarification so it's clear what the real costs are.

=> Chairman Kennedy said I would like to see a half-day workshop on the role of the commission at the January meeting.

The meeting adjourned at 4:30pm.

Bill Kennedy, Chairman
Montana Transportation Commission

Jim Lynch, Director
Montana Department of Transportation

Lorelle Demont, Secretary
Montana Transportation Commission